



Department of Justice

FOR IMMEDIATE RELEASE
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DOJ-MICROSOFT SETTLE CONTEMPT CLAIM

The Department of Justice reached an agreement today with the Microsoft Corporation that gives computer makers a meaningful choice of browsers for the computers they sell. Entered as a federal court order, the agreement provides for the first time an opportunity for meaningful competition among browser companies for preinstallation of their software on new personal computers.

The Department contends that Microsoft violated a consent decree by using its monopoly power to force computer vendors to use its browser.

Calling the settlement a "victory for consumers and innovators," Joel I. Klein, Assistant Attorney General for Antitrust, said, "Competitors and innovators should know that their products can compete on their own merits and not be snuffed out by Microsoft's use of monopoly power. That's what competition is all about in America, and preserving full-and-fair competition in this important industry is critical to the future of our economy."

On December 11, U.S. District Judge Thomas Penfield Jackson ordered Microsoft to offer computer manufacturers the option of licensing Microsoft's Windows operating system without also licensing its Internet browser, pending further proceedings.

In response to the December order, Microsoft had offered computer makers either a version of Windows that does not

function or a version that is no longer commercially viable. The Department then asked the court to hold Microsoft in contempt of the December order, and a two-day hearing on this request was held on January 13 and 14. Further court proceedings had been scheduled for today.

Under today's agreement and court order, Microsoft will offer a version of Windows 95 that contains a fully up-to-date operating system without a browser, so that computer makers can, as practical matter, market new computers with Windows 95 preinstalled, together with a preinstalled browser either from Microsoft or a competitor of Microsoft, or with no browser at all.

Under the agreement, the Department withdrew its motion for Microsoft to be held in contempt of the December 11 order.

Added Klein, "Microsoft has agreed to immediately make available the most up-to-date, fully functional version of Windows 95 without forcing computer manufacturers to take its browser as well. This will increase consumer choice and will also send precisely the right message to the market."

Today's agreement does not resolve other aspects of the pending litigation -- Microsoft's appeal of the December order, Microsoft's mandamus petition regarding the district court's referral of the original contempt action to a special master, and the proceedings before the special master. Each of these will proceed as scheduled.

Today's agreement will remain in effect until Microsoft is no longer licensing Windows 95 to computer makers, or until ninety days after termination of the December 11 order, whichever

comes first. The preliminary injunction could be terminated if it is overturned on appeal or if it is replaced by a permanent injunction following further proceedings before the special master and the district court.

The Department's investigation of other practices by Microsoft is continuing.

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